

Message Text

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PAGE 01 LA PAZ 07567 172206Z

61

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 AID-20 SSO-00 SS-20

NSC-10 NSCE-00 INRE-00 DRC-01 /102 W

----- 025364

O R 172134Z DEC 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 1758

INFO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY GUATEMALA

AMEMBASSY LIMA

/AMEMBASSY MANAGUA 104

AMEMBASSY MEXICO CITY

AMCONGEN RIO DE JANEIRO

AMEMBASSY SAN SALVADOR

AMCONGEN SAO PAULO

LIMITED OFFICIAL USE LA PAZ 7567

LIMA FOR USAID REGIONAL LEGAL OFFICER

E.O. 11652: N/A

TAGS: ETRD, BL

SUBJ: COTTON CONTRACTS: PROBLEM SOLVED

REF: LA PAZ 7461

1. GOB APPROVED AND ISSUED ON DECEMBER 14 SUPREME RESOLUTION 171231 WHICH MAKES DECREE 110616, SETTING A MINIMUM COTTON EXPORT PRICE, NON-

RETROACTIVE. THE SUPREME RESOLUTION IS UNOFFICIALLY TRANSLATED IN FOLLOWING PARA.

2. "SEEN: THE REQUEST PRESENTED BY THE COTTON PRODUCERS ASSOCIATION OF SANTA CRUZ ON THE INTERPRETATION OF SUPREME DECREE 11016 OF LIMITED OFFICIAL USE

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PAGE 02 LA PAZ 07567 172206Z

AUGUST 4, 1973: AND

"CONSIDERING: THAT ARTICLE 33 OF THE POLITICAL CONSTITUTION
OF THE STATE IN EFFECT ESTABLISHES THAT LEGISLATION ONLY DISPOSES
FOR THE FUTURE AND DOES NOT HAVE RETROACTIVE EFFECT:

"THAT IT IS CONVENIENT TO FACILITATE THE MARKETING OF ALL OF
THE COTTON OF THE CURRENT YEAR HARVEST AND THE FULFILLMENT OF THE
CONTRACTS ALREADY SIGNED FOR PART OF THE 1974 COTTON FOR WHICH IT
IS NECESSARY TO CLARIFY THE SCOPE OF THE AFOREMENTIONED DECREE:

"IT IS RESOLVED: SUPREME DECREE NUMBER 11016 OF AUGUST 4, 1973,
IS INTERPRETED IN THE SENSE THAT ITS PROVISIONS ARE NOT
APPLICABLE TO THE CONTRACTS SIGNED BEFORE SAID DATE.

"BE IT REGISTERED, COMMUNICATED AND FILED.

"(SIGNED) GEN. HUGO BANZER SUAREZ

JUAN PEREDA ASBUN, GUIDO VALLE ANTELO".

3. COOL/RALLI LAWYER RENE ROJAS TOLD ECONOFF THAT DECREE NOT PRECISELY

WHAT COOK/RALLI WANTED, BUT THAT IT WOULD SERVE AND THAT HE DID NOT
EXPECT ANY SIGNIFICANT PROBLEMS TO ARISE FROM IT. ACCORDING BANK OF
AMERICA MANAGER, COTTON GROWERS DID NOT SUCCEED IN GETTING EXPORT
TAX RELIEF. ACCORDING TO MINAG, HOWEVER, THEY ARE STILL PRESSING
FOR SUCH RELIEF.

BANK OF AMERICA, FIRST NATIONAL CITY BANK AND, PRESUMABLY,
ANCO DO BRASIL, ALL BEGAN DISBURSING UNDER PRODUCTION LINES OF
CREDIT ON DECEMBER 14. BANK OF AMERICA MANAGER STATES THAT ADEPA
(COTTON GROWERS ASSOCIATION) IS STILL ENGAGING IN POOLING OPERATION
COVERING 25 PERCENT OF REMAINING COTTON THAT ADEPA DID NOT "GUARANTEE
"

TO DELIVER UNDER TERMS OF EXISTING 1973 CROP CONTRACTS.

4. COMMENT: COTTON CONTRACT PROBLEM APPEARS TO HAVE BEEN RESOLVED
WITH THIS SUPREME RESOLUTION. POOLING PROBLEM MAY CAUSE SOME TROUBLE
IN FUTURE BUT WE DO NOT BELIEVE IT WILL BE OF GREAT MAGNITUDE AND
PROBABLY WILL NOT REQUIRE EMBASSY INVOLVEMENT. FYI: WE BELIEVE
COOK/RALLI AGREEMENT WITH ADEPA WRITTEN IN MANNER THAT LEADS ALMOST
AUTOMATICALLY TO POOLING PROBLEM. IT APPEARS THAT COOK/RALLI FAILED
TO GET CORRECTIVE LANGUAGE WHEN THEIR REPS WENT TO SANTA CRUZ.
IN THE CIRCUMSTANCES, ANY FURTHER COOK/RALLI EFFORTS TO OBTAIN
MORE THAN THE GUARANTEED 75 PERCENT UNDER ORIGINAL CONTRACT TERMS
WOULD APPAR TO BE FUTILE.

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PAGE 03 LA PAZ 07567 172206Z

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Message Attributes

Automatic Decaptioning: X
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Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
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EO Systematic Review
30 JUN 2005

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Review Withdrawn Fields: n/a
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